



WIPO Arbitration and Mediation Center

ADMINISTRATIVE PANEL DECISION

The Bear Stearns Companies Inc. v. Pacific Residential

Case No. D2004-0314

1. The Parties

The Complainant is The Bear Stearns Companies Inc. ("Bear Stearns"), New York, New York, United States of America, represented by Bear Stearns & Co. Inc., United States of America.

The Respondent is Pacific Residential, Brea, California, United States of America, represented by Law Offices of Eric I. Michelman, United States of America.

2. The Domain Name and Registrar

The disputed domain name <liquidfunding.com> is registered with Network Solutions, LLC.

3. Procedural History

The Complaint was filed with the WIPO Arbitration and Mediation Center (the "Center") on April 29, 2004. On April 30, 2004, the Center transmitted by email to Network Solutions, LLC a request for registrar verification in connection with the domain name at issue. On May 3, 2004, Network Solutions, LLC transmitted by email to the Center its verification response confirming that the Respondent is listed as the registrant and providing the contact details for the administrative, billing, and technical contact. On May 5, 2004, the Center verified that the Complaint satisfied the formal requirements of the Uniform Domain Name Dispute Resolution Policy (the "Policy"), the Rules for Uniform Domain Name Dispute Resolution Policy (the "Rules"), and the WIPO Supplemental Rules for Uniform Domain Name Dispute Resolution Policy (the "Supplemental Rules").

In accordance with the Rules, paragraphs 2(a) and 4(a), the Center formally notified the Respondent of the Complaint, and the proceedings commenced on May 5, 2004. In accordance with the Rules, paragraph 5(a), the due date for Response was May 25, 2004. The Response was filed with the Center on May 26, 2004.

The Center appointed Jordan S. Weinstein as the Sole Panelist in this matter on June 11, 2004. The Panel finds that it was properly constituted. The Panel has submitted the Statement of Acceptance and Declaration of Impartiality and Independence, as required by the Center to ensure compliance with the Rules, paragraph 7.

4. Factual Background

Complainant Bear Stearns owns U.S. Trademark Registration No. 02,726,327 for the trademark LIQUID FUNDING in connection with

https://www.wipo.int/amc/en/domains/decisions/html/2004/d2004-0314.html?utm_source=chatgpt

financial services offered by Bear Stearns. Bear Stearns announced the formation of Liquid Funding Ltd., on November 19, 2001, a company Bear Stearns created to offer asset-backed commercial paper, notes and repurchase agreements, providing Bear Stearns with more funds to boost collateralized lending.

Respondent is apparently a predecessor to Liquid Financing Group, Inc., Respondent's successor in interest. Liquid Financing is a licensed real estate broker assisting individual home buying consumers with loans for purchasing or refinancing a residence. Respondent's domain name <liquidfunding.com> redirects Internet users to the website "www.liquidfinancing.com." Although that website is passive, it does provide contact information for Respondent's offices.

5. Parties' Contentions

A. Complainant

Complainant asserts the domain name is identical or confusingly similar to Complainant's registered trademark LIQUID FUNDING. Complainant asserts the domain name clearly violates paragraph 4(a)(i) of the Policy since it is identical to Complainant's trademark.

Complainant asserts that Respondent has not demonstrated any legitimate interest in the trademark because Internet users who input the domain name <liquidfunding.com> in search of Complainant's business are automatically sent to "www.liquidfinancial.com," which is a temporary website ostensibly representing a financial services business named Liquid Financial Group, Inc. Complainant asserts that such use of the domain name <liquidfunding.com> is likely to mislead Internet users and Complainant's customers into believing that Respondent and its financial services business is somehow associated with Complainant. Additionally, Complainant asserts that since its services are similar to those offered by Respondent, Respondent is likely to be diverting potential or actual customers of Complainant to Respondent's website for commercial gain. Since Respondent is merely using the domain name <liquidfunding.com> to redirect Internet users to its website, Complainant asserts that Respondent cannot establish that it has a legitimate interest in the domain name.

Complainant asserts that the domain name should be considered as having been registered in bad faith because Respondent either knew or should have known of Complainant's prior rights to the trademark. Complainant asserts that Respondent registered the domain name on July 5, 2002, approximately a year and a half after Complainant filed for registration of its trademark LIQUID FUNDING. Complainant asserts that Respondent's business is in the same industry as Liquid Funding Ltd., (mortgages and financing) and since Complainant announced the creation of Liquid Funding Ltd. in November 2001, Respondent should have been aware that LIQUID FUNDING was a registered trademark of Complainant. Even if Respondent claimed that it did not have actual notice of the registered trademark at the time it registered the domain name <liquidfunding.com>, Complainant asserts that lack of knowledge should not be a defense because of the constructive notice provisions of U.S. Trademark Law.

Next, Complainant asserts that Respondent is using the domain name in bad faith because it was registered primarily for the purpose of selling the domain name to the owner of the trademark for valuable consideration in excess of Respondent's out-of-pocket costs directly related to the domain name. After learning of Respondent's use of the domain name <liquidfunding.com>, Complainant wrote to Respondent on October 15, 2003, to request that Respondent cease using the domain name. Complainant received no response to this letter. The parties discussed transferring the domain name to Complainant in a telephone call between them. Complainant asserts that Respondent's representative "offered the domain name to Complainant for a price of \$20,000. Complainant was told this would cover the cost of the domain name and all administrative costs associated with registering for the domain name." Complainant asserts this offer shows Respondent's bad faith use of the domain name.

Although Complainant attached to its Complaint a copy of the letter of October 15, 2003, it did not include a Declaration or other certification supporting its assertion regarding the statements made in the telephone conference between it and Respondent's representative.

Complainant asserts that since Respondent is not actually using the domain name <liquidfunding.com> except as a way to transfer Internet users to its website and to create confusion with Complainant's trademark, and since Respondent does not have a legitimate interest in the trademark, Respondent's only or primary intention in registering and using the domain name was either an attempt to sell the domain name registration to Complainant or to direct Internet users to Respondent's website for commercial gain. Complainant asserts these actions establish Respondent's bad faith use of the domain name.

B. Respondent

Respondent provided a chronology of events it deemed material in the case, which is reproduced below:

1.	December 8, 2000	Complainant files Service mark Application for LIQUID FUNDING.
2.	October 22, 2001	Service mark Application is refused by the U.S. Patent and Trademark

		Office.
3.	November 19, 2001	Complainant announces the formation of Liquid Funding Ltd., which is a "special purpose company specifically created to participate in the trillion dollar repurchase agreement and total return swap markets."
4.	July 5, 2002	Respondent's former affiliate and predecessor-in-interest registers and commences use of the domain name <liquidfunding.com> for the purpose of establishing an Internet presence to market and communicate Respondent's existing residential loan business.
5.	September 25, 2002	Complainant's amended Service mark application is approved for publication which disclaims the exclusive right to use the word "funding" apart from the word "liquid" for the use in "financial investment services for corporate and institutional markets in the field of repurchase and reverse repurchase arrangements."
6.	March 25, 2003	Complainant's amended Service mark is published for opposition by the U.S. Patent and Trademark Office.
7.	June 17, 2003	Complainant's amended Service mark is registered on the Principal Register.
8.	June 24, 2003	Respondent is incorporated under the laws of the State of California under the name: "Liquid Funding Corporation, Inc."
9.	October 15, 2003	Complainant issues a cease and desist letter to Respondent regarding the use of "Liquid Funding." Complainant solicits information of the nature and extent of Respondent's use of the words "Liquid Funding" with the offer of a proposal of "an appropriate and permanent resolution."
10.	October 30, 2003	Respondent amends its Articles of Incorporation to change its name to Liquid Financing Group, Inc. in response to Complainant's cease and desist letter.
11.	April 29, 2004	Complainant files Complaint with WIPO.

Respondent argues it has a legitimate interest in the domain name because it registered the domain name on July 5, 2002, prior to any publication of the Complainant's claims in the words LIQUID FUNDING, and prior to any notice to Respondent of the dispute (October 15, 2003). Respondent claims that all during this time, its predecessor in interest was "busily engaged in the business of assisting retail consumers in their pursuit of residential home loans." As evidence to support these claims, Respondent provided a September, 2003 newsletter, promoting Respondent's services under the name LIQUID FUNDING GROUP; the business card of Respondent's President bearing the company name LIQUID FUNDING GROUP and an invitation for an "information session" on "fixing your credit – putting your home in a trust – surviving the bank war – how to invest your money wisely!" The session was slated for October 9, 2003, before the October 15, 2003, cease and desist letter which Respondent asserts was its first notice of Complainant's claims. In the Declaration attached to Respondent's Response, Respondent's President declared that "at no time prior to receipt of a letter from [Complainant] dated October 15, 2003, did I have any knowledge whatsoever that [Complainant] had claimed any rights to the term "Liquid Funding" nor did I have any knowledge that [Complainant] or anyone else for that matter was operating a business under the name "Liquid Funding."

Respondent asserts that it only began redirecting Internet users from its domain name <liquidfunding.com> to its website "www.liquidfinancial.com" as an immediate response to Complainant's cease and desist letter. Respondent also changed its corporate name from Liquid Funding, Inc. to Liquid Financing Group, Inc. to "limit its potential exposure."

Respondent asserts that it has not registered and used the domain name in bad faith because its interest in the domain name has always been solely for the purpose of enhancing Respondent's residential home loan marketing business, and never for the purpose of selling, renting or otherwise transferring the domain name registration to Complainant. Respondent asserts that Complainant solicited Respondent and offered to purchase the domain name. In response, Respondent asserts that it "did follow-up on the proposed terms of such a sale." Respondent asserts that Complainant initiated a telephone discussion with Respondent's President, and Complainant raised the topic of reimbursing Respondent for its costs in connection with its investment in the domain name and website if Respondent would release its rights to the domain name. Respondent asserts that it answered Complainant's inquiry in good faith by stating that approximately \$20,000 had been invested in the domain name at issue and in related marketing materials. Respondent supported this statement with a Declaration of its President to this effect. Respondent asserts that it acquired the domain name without any intent or purpose of disrupting the business of any competitor, and particularly with respect to the business of Complainant "which is not a competitor of Respondent, and whose repurchase agreements and reverse repurchase agreements with corporate and institutional clients have nothing to do with the business of marketing and originating home loans for residential home buyers and home

owners.”

6. Discussion and Findings

A. Applicable Policy Provisions

The Policy requires Complainant to prove each of the following three elements in order to prevail in this proceeding:

- (1) the domain name is identical or confusingly similar to a trademark or service mark in which the Complainant has rights; and
- (2) the Respondent has no rights or legitimate interests in respect of the domain name; and
- (3) the domain name has been registered and is being used in bad faith.

Policy, paragraph 4(a)

It is not sufficient to prevail that a Complainant prove only registration in bad faith; rather, the Complainant must prove both registration and use in bad faith. See *World Wrestling Federation Entertainment, Inc. v. Michael Bosman*, [WIPO Case No. D1999-0001](#); *Robert Ellenbogen v. Mike Pearson*, [WIPO Case No. D2000-0001](#).

The Policy states that the following circumstances shall be evidence of the registration and use of a domain name in bad faith:

- (i) circumstances indicating that [the Registrant has] registered or acquired the domain name primarily for the purpose of selling, renting or otherwise transferring the domain name registration to the Complainant who is the owner of the trademark or service mark or to a competitor of that Complainant, for valuable consideration in excess of documented out-of-pocket costs directly related to the domain name; or
- (ii) [the Registrant has] registered the domain name in order to prevent the owner of the trademark or service mark from reflecting the mark in a corresponding domain name, provided that [the Registrant has] engaged in a pattern of such conduct; or
- (iii) [the Registrant has] registered the domain name primarily for the purpose of disrupting the business of a competitor; or
- (iv) by using the domain name, [the Registrant has] intentionally attempted to attract, for commercial gain, Internet users to [its] website or other on-line location, by creating a likelihood of confusion with the Complainant's mark as to the source, sponsorship, affiliation, or endorsement of [its] website or location or of a product or service on [its] website or location.

Policy, paragraph 4(b). These circumstances are non-inclusive, and the panel may consider other circumstances as constituting registration and use of a domain name in bad faith. *Id.*

The Respondent may demonstrate rights or legitimate interests to the domain name by any of the following, without limitation:

- (i) before any notice to you of the dispute, your use of, or demonstrable preparations to use the domain name or a name corresponding to the domain name in connection with a *bona fide* offering of goods or services; or
- (ii) you, as an individual, business, or other organization have been commonly known by the domain name, even if you have acquired no trademark or service mark rights; or
- (iii) you are making a legitimate non-commercial or fair use of the domain name, without intent for commercial gain to misleadingly divert customers or to tarnish the trademark or service mark at issue.

Policy, paragraph 4(c).

B. Opinion of the Panel

1. Is the domain name identical or confusingly similar to a trademark in which Complainant has rights?

Respondent argues that the domain name is not identical or confusingly similar to a trademark in which Complainant has rights. Respondent bases its argument on *Miss Universe Inc. v. Flesher et al.*, 433 F. Supp. 271 (C.D. Cal. 1977). The case is clearly distinguishable from the instant proceeding. First, the case involved a preliminary injunction, not a final decision on the merits. Second, the case involved the addition of a hyphen which by its placement changed the meaning of the defendant's mark such that the operative distinguishing word became a noun rather than an adjective, satisfying the court that adding a hyphen would make Respondent's mark distinguishable, at least *pendent lite*. 433 F. Supp. at 274. In the instant proceeding, no hyphen or any other separator differentiates Complainant's mark from Respondent's domain name, nor is there any element which changes the meaning of

Respondent's domain name from Complainant's mark. The Panel finds that Complainant has demonstrated that the domain name is identical to a trademark in which Complainant has rights.

2. Does Respondent have no rights or legitimate interest in the domain name?

Respondent has provided evidence that it offered *bona fide* services under the name "LiquidFunding" since at least September 2003, prior to receiving notice from Complainant of its rights on October 15, 2003. Under paragraph 4(b)(i) of the Policy, Respondent has demonstrated rights or legitimate interests to the domain name.

Complainant argues that Respondent's services could not have been *bona fide* because they were merely redirecting Internet users from Respondent's domain name to another website, "www.liquidfinancial.com." However, this does not take into account Respondent's use of the domain name in its business, business cards, newsletters and information seminars, all of which took place prior to receiving notice of the dispute from Complainant. Second, Respondent asserts and has supported by a Declaration that it was not redirecting users to "www.liquidfinancial.com" until after it received notice of the dispute from Complainant, and instituted the redirection in an effort, perhaps misguided, to "limit its potential exposure." The Panel is persuaded by Respondent's assertions and the evidence that Respondent was making *bona fide* use of LIQUIDFUNDING to promote its services prior to receiving notice of the dispute.

3. Was the domain name registered and used in bad faith?

By demonstrating that it has rights or legitimate interest in the domain name, Respondent has established a valid defense to a claim that it has registered and used the domain name in bad faith.

In addition, the Panel finds that Respondent's explanation of the circumstances surrounding the monetary discussions on the domain name establish that the offer was not made in a bad faith effort to profit from the sale of the domain name. Rather, Respondent showed through a Declaration that it was responding to Complainant's inquiry to provide a dollar value for the administrative costs in registering the domain name *and related marketing materials identifying the website*. While the figure of \$20,000 might be exorbitant to account simply for registration of a domain name, it is not out of the realm of possibility for costs in connection with development of a website and marketing materials. Although the parties' accounts differ as to the exact characterization of what the \$20,000 was intended to include, it is only Respondent that supported its assertions with a Declaration by the person who was involved in the conversation.

It may well be that Respondent's services offered under the mark LIQUIDFUNDING constitute infringement of Complainant's registered trademark. Nevertheless, this Panel has neither the ability nor the authority to assess an infringement claim. Within the limited scope of the inquiry allowed the Panel, the Respondent has established that it used LIQUID FUNDING in the course of rendering *bona fide* business services. As such, Respondent has established a valid defense against the charge of abusive registration leveled by Complainant.

7. Decision

For all the foregoing reasons, the Complaint is denied.

Jordan S. Weinstein
Sole Panelist

Dated: June 24, 2004